

Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ISO-00 PM-03 L-02 NSC-05 CIAE-00 DODE-00
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INR-07 NSAE-00 PA-01 USIA-06 PRS-01 SP-02 CIEP-01

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OMB-01 AID-05 TRSE-00 OPIC-03 XMB-02 CAB-02 COME-00

DOT-00 FAA-00 /055 W

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R 301415Z APR 75

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 2610

INFO AMEMBASSY DAR ES SALAAM

LIMITED OFFICIAL USE NAIROBI 3498

E.O. 11652: N/A

TAGS: EAIR: PFOR, KE, TA, UG

SUBJECT: EAST AFRICAN AIRWAYS CRISIS AVERTED

REF: NAIROBI 3353

1. WHEN CANCELLATION OF SCHEDULED MEETING OF
FINANCE AND COMMUNICATIONS COUNCILS OF EAST AFRICAN
COMMUNITY (EAC) MADE IT APPEAR THAT NO SOLUTION
POSSIBLE TO CASH CRISIS WHICH THREATENED TO CLOSE
DOWN EAST AFRICAN AIRWAYS (EAA), TOP EAA OFFICIALS
INITIATED THEIR OWN BRAND OF SHUTTLE DIPLOMACY TO
PRODUCE ELEVENTH HOUR TEMPORARY REMEDY. ON APRIL
25, EAA CHAIRMAN KILEWO, A TANZANIAN, TRAVELED TO
DAR TO NEGOTIATE WITH GOT OFFICIALS AND DIRECTOR
GENERAL TOKO, A UGANDAN, WENT TO
KAMPALA TO DISCUSS THE PROBLEM WITH GENERAL AMIN,
WHILE OPERATING DIRECTOR RIVENBARK, AN AMERICAN
SECONDED FROM EASTERN AIRLINES, MET WITH GOK OFFICIALS
IN NAIROBI.

2. THESE MEETINGS PRODUCED AGREEMENT BY THREE
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COUNTRIES TO ALLOW TRANSFER WITHIN EACH COUNTRY OF
FUNDS FROM THREE DIFFERENT EAC CORPORATIONS. FUNDS
OWED BY KENYA REGION OF HARBOURS CORPORATION TO
HARBOURS HEADQUARTERS IN DAR AND FUNDS OWED BY KENYA

REGION OF POSTS AND TELECOMMUNICATIONS TO P AND T HEADQUARTERS IN KAMPALA WERE TRANSFERRED TO EAA HEADQUARTERS IN NAIROBI. FUNDS OWED BY TANZANIAN REGION OF P AND T AND TANZANIAN REGION OF EAA WILL BE TRANSFERRED TO HARBOURS HEADQUARTERS IN DAR. FUNDS OWED BY UGANDAN REGION OF HARBOURS AND UGANDAN REGION OF EAA WILL BE TRANSFERRED TO P AND T HEADQUARTERS IN KAMPALA.

3. THIS TEMPORARY SOLUTION TO EAA IMMEDIATE CASH PROBLEMS ENABLED EAA TO OBTAIN ABOUT HALF OF MONIES OWED TO NAIROBI HEADQUARTERS BY TANZANIAN AND UGANDAN OFFICES OF EAA. THIS WAS MORE THAN ENOUGH TO COVER OVERDUE ACCOUNTS AND ENSURE CONTINUED SUPPLY OF PETROLEUM PRODUCTS.

4. THIS TEMPORARY METHOD OF GETTING EAC CORPORATIONS' FUNDS WHERE THEY ARE NEEDED WILL EXPIRE ON MAY 16. BEFORE THAT DATE, IT IS HOPED THAT THE FINANCE AND COMMUNICATIONS COUNCILS WILL MEET TO APPROVE A PERMANENT SOLUTION, WHICH SHOULD PROVIDE FOR THE FREE TRANSFERABILITY OF FUNDS BETWEEN COUNTRIES FOR EACH CORPORATION.
LINDSTROM

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